

Second-Party Opinion

Reviewed by:

MORNINGSTAR

SUSTAINALYTICS



Second-Party Opinion

iliad Group Green Financing Framework

Evaluation Summary

Sustainalytics is of the opinion that the iliad Group Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Energy Efficiency – Networks, Energy Efficiency – Data Centres, Energy Efficiency – Buildings, Circular Economy, Clean Transportation and Renewable Energy – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.



PROJECT EVALUATION AND SELECTION iliad Group has established a Green Finance Committee, which will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The committee is chaired by the Group's Director of Finance and Treasury and includes senior management members from the Group Treasury, Sustainability Department, Corporate Social Responsibility Steering Committee and Group Finance Department. The Group has in place an internal process for the assessment and mitigation of ESG risks associated with eligible projects. This is in line with market practice.



MANAGEMENT OF PROCEEDS The Group Treasury will be responsible for the management of net proceeds, which will be deposited in the Group's general account and earmarked for allocation to eligible projects through an internal tracking system. iliad intends to allocate proceeds within two years of each issuance on a best-effort basis. Unallocated proceeds will be held in cash or cash equivalents or invested in other liquid marketable instruments. This is in line with market practice.



REPORTING The iliad Group will report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting may include the size of the portfolio of projects per category, total amount of net proceeds allocated by project categories, balance of unallocated proceeds, breakdown of the geographic location of the projects when feasible, share of new financing versus refinancing, and the breakdown by expenditure type. In addition, iliad Group intends to report on relevant impact metrics. Sustainalytics views iliad Group's allocation and impact reporting as aligned with market practice.

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Introduction

The iliad Group ("iliad" or the "Group") is a player in the electronic communication network sector, active in France, Italy and Poland. The Group offers both B2C services, such as mobile plans, broadband and ultrafast broadband, as well as B2B services, including fixed and mobile connectivity, cybersecurity and cloud solutions, and hosting services. Established in 1999, the Group has close to 18,200 employees and serves more than 49.8 million active subscribers as per its latest reported figures as of 30 June 2024.¹

iliad has developed the iliad Group Green Financing Framework dated October 2024 (the "Framework") under which iliad SA² and P4 SP. Z O.O.^{3,4} intend to issue green finance instruments⁵ including green senior or subordinated bonds, medium-term notes; commercial papers; term loans, including export finance instruments;⁶ and Schuldscheine to finance or refinance, in whole or in part, existing and future projects that are expected to drive energy efficiency and decarbonization in the telecommunications sector. The Framework defines eligibility criteria in six areas:

1. Energy Efficiency – Networks
2. Energy Efficiency – Data Centres
3. Energy Efficiency – Buildings
4. Circular Economy
5. Clean Transportation
6. Renewable Energy

The Group engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)⁷ and the Green Loan Principles 2023 (GLP).⁸ The Framework has been published in a separate document.⁹

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent¹⁰ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.17.2, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of iliad Group's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. iliad Group representatives have confirmed that: (1) they understand it is the sole responsibility of iliad Group to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with

¹ iliad Group, "Financial Report First Half 2024", at: https://www.iliad.fr/media/iliad_Group_H12024_financial_report_d36afdacd9.pdf

² iliad SA is the parent company of the iliad Group, which operates under the trade names of Free in France, iliad in Italy and Play/UPC in Poland.

³ P4 SP. Z O.O. is the main subsidiary controlling the iliad Group's operation in Poland, under the brands of Play and UPC.

⁴ iliad has confirmed to Sustainalytics that it will be responsible for ensuring continual alignment of issuances by its subsidiary and parent company with the criteria defined in the Framework.

⁵ Sustainalytics' Second-Party Opinion applies only to the instruments expressly cited in the Framework.

⁶ iliad has communicated to Sustainalytics that export finance instruments will be long-term instruments dedicated to the credible assets financed under the Framework.

⁷ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁸ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>.

⁹ The iliad Group Green Financing Framework is available at: <https://www.iliad.fr/en/investisseurs/groupe/dette>.

¹⁰ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last, but not least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

all relevant information; and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and iliad Group.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds, but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds, but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that iliad Group has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the iliad Green Financing Framework

Sustainalytics is of the opinion that the iliad Green Financing Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories, Energy Efficiency – Networks, Energy Efficiency – Data Centres, Energy Efficiency – Buildings, Circular Economy, Clean Transportation and Renewable Energy, are aligned with those recognized by the GBP and GLP.
 - iliad has established a look-back period of three years for refinancing eligible projects, which Sustainalytics considers to be in line with market practice.
 - Under the Energy Efficiency – Networks category, the Group may finance or refinance projects related to the modernization of its networks, with the goal of improving their energy efficiency. This may include:
 - Projects aimed at replacing existing copper networks with fibre optic networks, including infrastructure that supports interconnectivity with other fibre network operators.
 - Roll-out of 5G technology to replace older 3G and 4G mobile networks.
 - Improvements in supporting infrastructure comprising mainly of investments aimed at enhancing the energy efficiency of 5G networks. These may include bandwidth/MIMO layers reduction, free cooling systems, cooling optimization, power modernization, smart management, intelligent lighting or optimization of power storage.
 - Internet of Things (IoT) networks, solutions and products with the primary goal of reducing energy consumption or supporting customers to save energy. These may include software designed to reduce power consumption, as well as applications of machine learning and artificial intelligence. iliad has confirmed to Sustainalytics that the category excludes projects and services related to fossil fuel production and technologies.
 - While the deployment of 5G technologies from previous generation networks could lead to increased energy demands on the network, Sustainalytics believes that the energy efficiency gains achieved through such investments will result in a net energy reduction per unit of data transmitted. This will be achieved specifically by enabling

energy efficiency of data transmission as well as operational efficiency across a range of industries and activities downstream of the network provided. Sustainalytics also acknowledges that expanding IoT networks and increasing data flows from IoT-enabling technologies may result in additional overall energy demand on telecommunication networks. Overall, Sustainalytics believes that the enabled savings outweigh the potential adverse effects of additional network energy demand.

- Sustainalytics considers these investments to be aligned with market practice.
- Under the Energy Efficiency – Data Centres category, the Group may finance or refinance the construction, acquisition or renovation of data centres based on the following energy efficiency thresholds:
 - A power usage effectiveness (PUE) of 1.15 or lower for new data centres built after 2018.
 - For data centres built prior to 2018, a PUE of 1.3 or lower.
 - These investments are aligned with market practice.
- Under the Energy Efficiency – Buildings category, iliad may finance or refinance expenditures for measures aimed at improving the energy performance of buildings that house iliad stores, such as: i) insulation enhancement; ii) windows/external doors; iii) heating, ventilation and air-conditioning; iv) water heating systems; v) energy efficient lighting; vi) electricity smart meters; vii) energy management systems; viii) facade and roofing elements with a solar shading or solar control function; and ix) onsite installations of renewable energy technologies such as solar photovoltaic systems, solar hot water panels and electric/thermal energy storage units, including their respective ancillary equipment. iliad has confirmed that the expenditures exclude technologies, products and processes that are powered by fossil fuels. Sustainalytics is of the opinion that these expenditures are aligned with market practice.
- Under the Circular Economy category, iliad may finance or refinance: i) expenditures related to the repair and refurbishment of returned products and components; ii) projects aimed at extending the lifespan of products, such as freeboxes, servers and hard drives; iii) recycling of plastic and electronic components; and iv) R&D expenditures aimed at reducing the use of packaging, plastic and electronic components.
 - Repair and refurbishing of freeboxes, antennas and mobile phones: The Group has confirmed to Sustainalytics that there will be minimal or no pre-processing required for the repair and refurbishment activities financed under the Framework.
 - Investments in projects and late-stage R&D aimed at increasing the lifespan of freeboxes, servers and hard drives: iliad has confirmed to Sustainalytics that the lifespan of its products will be extended through the use of recycled plastic and manufacturing of recyclable plastic components with the following criteria: i) at least 90% of the input is recycled; ii) at least 90% of the products are not intended for single use; and iii) all products are recyclable.
 - Regarding the recycling of plastic components, iliad has confirmed that: i) the recycled components have at least 90% recycled plastic; ii) all products are recyclable; iii) products are not intended for single use; and iv) the components will be mechanically recycled. For the recycling of electronic components, Sustainalytics notes that the Group subcontracts the recycling of electronic waste to third-party contractors and conducts Know Your Supplier assessments to ensure compliance with relevant legislation in France, Italy and Poland for proper and safe treatment and recycling.¹¹ While iliad does not have full visibility on the processes of their third-party contractors, they are expected to comply with Directive 2012/19/EU on waste from electrical and electronic equipment. See Section 2 for more details.
 - Sustainalytics considers these expenditures to be in line with market practice.

¹¹ The Group has disclosed the following electronic waste processing measures for its operations in France, Poland and Italy. In France, electronic waste is treated by specialized providers and reportedly has a high material and energy reuse/recycling rate. In Poland, telecom operators must comply with environmental regulations, particularly regarding electrical and electronic equipment. The Polish Act of 11 September 2015, which aligns with the EU Directive on waste electrical and electronic equipment (WEEE), mandates that companies organize and finance the collection and processing of electronic waste from drop-off points. The Group confirmed that this obligation is carried out by specialist third parties. In Italy, electronic waste generated at the operational offices is managed by a facility manager who coordinates its collection. Electronic waste produced at the central offices is sent to an authorized plant operated by a subcontractor for component recovery.

- Under the Clean Transportation category, iliad may finance or refinance the acquisition, service, expansion, upgrade, maintenance and operation of zero direct tailpipe emissions vehicles, electric charging stations and installations and projects aimed at the development of software/AI solutions to optimize routes of its fleet.
 - The Group has confirmed to Sustainalytics that parking facilities will be excluded under this category and that financing will be restricted to charging stations for electric vehicles.
 - Sustainalytics notes that iliad may finance the development of software and AI solutions for optimizing the use of its transport fleet, which may be used for both electric and internal combustion engines (ICE) vehicles. Sustainalytics notes that fleet management solutions and route optimization routes hold the potential to reduce fuel consumption and associated GHG emissions, without resulting in a lock-in of ICE vehicles. Sustainalytics encourages iliad to report on the potential impact and savings on GHG emissions from these projects.
 - Sustainalytics views the expenditures under this category to be aligned with market practice.
- Under the Renewable Energy category, iliad may finance or refinance the construction, acquisition, maintenance, purchase, operation and storage of wind, solar PV and ocean energy power plants as well as the procurement of Power Purchase Agreements (PPA) that are tied to specific and identifiable renewable energy projects that are on- or off-site solar PV, wind or ocean energy facilities. In respect of PPAs, the contracts will have a minimum term of 10 years and iliad has confirmed that the Renewable Energy Certificates (REC) attached to the PPAs will be retired by the Group after purchase. Sustainalytics is of the opinion that these investments are aligned with market practice.
- Project Evaluation and Selection:
 - iliad has established a Green Finance Committee (the “Committee”) which will be responsible for evaluating and selecting projects in line with the Framework’s eligibility criteria. The Committee is chaired by the Group’s Director of Finance and Treasury and includes senior management members from the Group Treasury, Sustainability Department, Corporate Social Responsibility Steering Committee and the Group Finance Department. The Committee convenes at least annually.
 - The Group communicated to Sustainalytics that the Risk Management team incorporates ESG risk assessments into iliad’s risk mapping process. Sustainalytics further notes that the Committee oversees the internal processes to identify, monitor and mitigate material risks related to negative social and/or environmental impacts associated with the eligible projects under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with the requirements of GBP. For additional details see Section 2.
 - Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Group Treasury will be responsible for the management of net proceeds, which will be deposited in the Group’s general account and earmarked for allocation to eligible projects through an internal tracking system.
 - iliad intends to allocate proceeds within two years of each issuance on a best-effort basis. Pending full allocation, unallocated proceeds will be held in cash or cash equivalents, or invested in other liquid marketable instruments.
 - iliad has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. The Group intends to label only the tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
 - Based on the presence of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - The Group will report on the allocation of proceeds and the corresponding impact on its website on an annual basis until full allocation.
 - Allocation reporting may include the following: i) the size of the portfolio of projects, per category; ii) the total amount of net proceeds allocated by project categories; iii) the balance of

- unallocated proceeds; iv) the breakdown of the geographic location of projects, when feasible;
- v) the share of new financing versus refinancing, and vi) the breakdown by expenditure type, such as by capex and opex.
- Impact reporting may include the following metrics: i) energy consumption per data traffic, in MWh/equivalent unit; ii) estimated annual energy reduction, in MWh; iii) estimated annual GHG emissions reduction, in tCO₂e; iv) amount of electronic waste, scrap metal, cables and wires recycled and/or reused, in tonnes; v) electric vehicles out of total owned vehicle fleet, in percentage; and vi) electricity consumption from renewable sources, in percentage.
- Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the iliad Green Financing Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of iliad Group

Contribution to iliad's sustainability strategy

The Group integrates sustainability considerations and targets into its business through its sustainability strategy centred on three pillars: i) employees; ii) environment; and iii) society.

Under the environmental pillar, iliad focuses on three key areas: i) reduction of GHG emissions; ii) increase in energy efficiency; and iii) promotion of a circular economy.¹² To support these objectives, the Group launched its climate strategy in 2021, reflecting 10 environmental goals to be achieved by 2035.¹³ These goals underpin several key initiatives, including to: i) extend the lifespan of data centres up to 10 years; ii) support non-profit organizations that collect electronic waste for reuse and recycling; iii) reach a target of having 25% electric vehicles in its fleet by 2025; iv) improve the energy efficiency of fixed and mobile networks by switching to optical fibre and 5G; iv) collaborate with equipment manufacturers to reduce the energy consumption of mobile equipment; and v) source 50% of its energy supplies in Italy and Poland, and 20% in France, from PPAs linked to renewable energy sources.^{14,15}

Addressing its carbon footprint, in 2023, iliad established both near- and long-term GHG reduction targets, validated by the SBTi in February 2024. For its near-term targets, the Group commits to reducing its scope 1 and 2 GHG emissions by 60% and scope 3 emissions by 46% by 2030, against a 2022 baseline. Concerning long-term targets, the Group pledges to reduce absolute scope 1 and 2 emissions by 100% and scope 3 emissions by 90% by 2050, also compared to a 2022 baseline.^{16,17} To reach these targets, the Group intends to: i) increase efficiency in terms of energy and materials usage throughout its value chain; ii) involve strategic partners to optimize delivery logistics and refurbish mobile phones; iii) optimize transport modes; iv) opt for low-carbon energies; and v) offset any residual emissions.¹⁸

iliad also initiated programmes that aim at minimizing the environmental impact of its products and promoting a circular economy, with a focus on its flagship product, iliad Freeboxes. Specifically, the Group has implemented the following measures: i) extend the lifespan of the freeboxes through R&D; ii) reduce the amount of packaging and optimize its use; and iii) ensure the reuse and recycling of the products. Furthermore, iliad has targeted that collections for the refurbishment of mobile phones will correspond to 20% of the mobile phones purchased by its subscribers by 2030. To support this goal, the Group has installed drop-off boxes in all of its stores in France, offered trade-in options for subscribers' old phones, and provided leasing options that include a selection of refurbished mobile phones.

¹² iliad Group, "CSR Report", (2023), at: https://www.iliad.fr/media/RAPPORT_RSE_2023_Eng_9608dd3bd6.pdf

¹³ iliad Group, "10 Climate Pledges", at: https://www.iliad.fr/media/200524_Iliad_Infographies_climat_milliard_2024_en_1b5945470f.pdf

¹⁴ iliad Group, "Climate Strategy: the iliad Group makes major headway in 7 areas", (2021), at: https://iliad-strapis3.fr-par.scrw.cloud/CP_041021_Climat_Eng_fc55bcff89.pdf

¹⁵ Ibid.

¹⁶ iliad Group, "Universal Registration Document", (2023), at: file:///C:/Users/cbovati/MORNINGSTAR%20INC/Sustainalytics%20Corporate%20Solutions%20-%2001%20Projects/_UoP/Iliad%20SA/Client%20documentation/ILIAD_URD_16042024_ENG_b4524fc3b5.pdf

¹⁷ Science Based Targets, "Companies taking actions – iliad Group", at: <https://sciencebasedtargets.org/companies-taking-action>

¹⁸ iliad Group, "Universal Registration Document", (2023), at: file:///C:/Users/cbovati/MORNINGSTAR%20INC/Sustainalytics%20Corporate%20Solutions%20-%2001%20Projects/_UoP/Iliad%20SA/Client%20documentation/ILIAD_URD_16042024_ENG_b4524fc3b5.pdf

Sustainalytics is of the opinion that the Framework is aligned with iliad's overall sustainability strategy and initiatives, and will further the Group's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental or social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) data privacy and security; ii) effluents and waste during construction; iii) risks related to processing of electronic waste; iv) supply chain risks; and v) occupational health and safety (OHS).

Sustainalytics is of the opinion that iliad is able to manage and/or mitigate potential risks through implementation of the following:

- To address data privacy and security risk, iliad established a Personal Data Protection Charter that guides its approach to protecting customer data.¹⁹ Under this charter, the Group commits to: i) processing personal data in compliance with regulatory requirements, such as the EU Regulation 2016/679²⁰ on general data protection; ii) collecting, processing and storing data in accordance with applicable laws, such as the EU Digital Services Act 2022/2065²¹ and the EU Data Governance Act 2022/868;²² iii) informing its subscribers about the processing of personal data; and iv) enabling subscribers to control their personal data.^{23,24} The Group also established a specific data protection governance structure to ensure compliance with internal standards, as well as relevant laws and regulations.²⁵ Moreover, iliad provides employee awareness-raising and training sessions on data security and confidentiality.^{26,27}
- With regard to emissions, effluents and waste generated in construction, the EU regulation on construction and demolition waste requires companies in the EU to carry out waste management without endangering human health or causing harm to the environment.²⁸ Additionally, iliad's Environment department developed guidelines, named "Guide pratique sur la gestion des déchets du Groupe iliad", to inform the relevant employees about waste management practices related to the Group's activities, including those related to construction.²⁹
- Regarding risks related to the processing of electronic waste, Sustainalytics notes that companies in the EU must adhere to the Waste Electrical and Electronic Equipment Directive.³⁰ This directive encourages the reuse, recycling and recovery of electrical and electronic waste, and ensures the safe disposal and treatment of hazardous substances. Specifically, Sustainalytics understands that iliad recycles raw materials from its electronic components, when possible, and partners with specialized providers to recycle materials for new uses when internal processing is not feasible.³¹ Furthermore, the Group provides its employees with detailed procedures for the treatment and dismantling of electronic waste, such as antennae, active equipment, cells, batteries and cables.³²
- To address supply chain risks, iliad has adopted a sustainable procurement policy to assess the corporate social responsibility of the Group's partners.³³ This policy requires the Group's partners to focus on three areas: i) business ethics; ii) environmental protection; and iii) respect of labour rights

¹⁹ iliad Group, "Personal Data Protection Charter", at: https://www.iliad.fr/media/Charte_des_relations_partenaires_web_eng_74423df7fe.pdf

²⁰ European Parliament, "Regulation (EU) 2016/679 of the European Parliament and of the Council", (2016), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016R0679>

²¹ European Parliament, "Regulation (EU) 2022/2065 of the European Parliament and of the Council", (2022), at: <https://eur-lex.europa.eu/eli/reg/2022/2065/oj>

²² European Parliament, "Regulation (EU) 2022/868 of the European Parliament and of the Council", (2022), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022R0868>

²³ iliad Group, "Personal Data Protection Charter", at: https://www.iliad.fr/media/Charte_des_relations_partenaires_web_eng_74423df7fe.pdf

²⁴ iliad Group, "CSR Report", (2023), at: https://www.iliad.fr/media/RAPPORT_RSE_2023_Eng_9608dd3bd6.pdf

²⁵ Ibid.

²⁶ iliad Group, "Personal Data Protection Charter", at: https://www.iliad.fr/media/Charte_des_relations_partenaires_web_eng_74423df7fe.pdf

²⁷ iliad Group, "Code of Ethics", (2021), at: https://www.iliad.fr/media/Code_of_Ethics_Web_ccd892c7bc.pdf

²⁸ European Commission, "Directive 2008/98/EC of the European Parliament and of the Council on waste", (2008), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0098>

²⁹ iliad Group shared the document with Sustainalytics confidentially.

³⁰ European Parliament, "Directive 2012/19/EU of the European Parliament and of the Council", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32012L0019>

³¹ iliad Group, "CSR Report", (2023), at: https://www.iliad.fr/media/RAPPORT_RSE_2023_Eng_9608dd3bd6.pdf

³² iliad Group shared the document with Sustainalytics confidentially.

³³ iliad Group, "CSR Report", (2023), at: https://www.iliad.fr/media/RAPPORT_RSE_2023_Eng_9608dd3bd6.pdf

and human rights.^{34,35} The Group also established a Partner Relations Charter, which applies to all of iliad's partners, suppliers, subcontractors and service providers.³⁶ This charter mandates that iliad's partners, among other responsibilities, minimize the environmental impact of their activities, respect human rights, identify and assess any risks related to the working environment.³⁷

- Regarding OHS risks, each of iliad's subsidiary has a local health and safety policy in place, which outlines measures to protect the physical and mental well-being of its employees and service providers.³⁸ In line with the French Labour Code,³⁹ the Group has adopted a risk assessment document that mandates an annual analysis of health and safety risks associated with work activities within the Group. This assessment aims to identify the appropriate safety measures to prevent workplace accidents.⁴⁰

Based on these policies, standards and assessments, Sustainalytics is of the opinion that iliad has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on one where the impact is specifically relevant in the local context.

Importance of energy-efficient technology in the telecom sector in France

As of 2021, the Information Communication and Technology (ICT) sector contributed approximately 3-4% to global GHG emissions, with the telecom sector accounting for approximately 1.6% of the global total.⁴¹ To align with the 1.5-degree target of the Paris Agreement, the sector needs to reduce its GHG emissions by 45% between 2020 and 2030.⁴² This target requires the ICT sector to implement energy efficiency plans and adopt low-carbon electricity sources.⁴³

In France, digital technologies accounted for 2.5% of the national carbon footprint in 2020.⁴⁴ Specifically, mobile phones represented a significant 79%, data centres 16%, and networks 5% of this footprint. Additionally, digital services were responsible for 10% of the total electricity consumption. If the current rate of digital technology advancement continues without preventive measures, data traffic in France is projected to multiply sixfold by 2030, potentially causing the sector's carbon footprint to increase by approximately 45%, compared to 2020 levels.⁴⁵ To achieve its targets of climate neutrality by 2050, France must enhance policy measures that promote energy efficiency with a focus on technology innovation and digitalization.⁴⁶ To support this goal, France has earmarked EUR 8.7 billion for digital transition as part of its Recovery and Resilience plan, representing 21.6% of the overall plan.⁴⁷ Specific allocations include EUR 240 million dedicated to expanding high-speed broadband infrastructure, aiming for 100% fibre coverage by 2025.⁴⁸

³⁴ Ibid.

³⁵ iliad Group, "Charte des Relations Partenaires", (2022), at: https://fournisseurs.iliad.fr/Charte_des_relations_partenaires_web.pdf

³⁶ iliad Group, "Partner Relations Charter", (2022), at: https://www.iliad.fr/media/Charte_des_relations_partenaires_web_EN_6f1d6c904c.pdf

³⁷ Ibid.

³⁸ iliad Group, "Universal Registration Document", (2023), at:

file:///C:/Users/cbovati/MORNINGSTAR%20INC/Sustainalytics%20Corporate%20Solutions%20-%2001%20Projects/_UoP/Iliad%20SA/Client%20documentation/ILIAD_URD_16042024_ENG_b4524fc3b5.pdf

³⁹ Légifrance, "Code du travail: Section 1 : Document unique d'évaluation des risques", at:

https://www.legifrance.gouv.fr/codes/section_1c/LEGITEXT000006072050/LEGISCTA0000023793886/2022-08-01

⁴⁰ iliad Group, "Universal Registration Document", (2023), at:

file:///C:/Users/cbovati/MORNINGSTAR%20INC/Sustainalytics%20Corporate%20Solutions%20-%2001%20Projects/_UoP/Iliad%20SA/Client%20documentation/ILIAD_URD_16042024_ENG_b4524fc3b5.pdf

⁴¹ BCG, "Telco Sector Can Be Game-Changer on Sustainability", (2021), at: <https://www.bcg.com/press/24june2021-telco-sector-game-changer-sustainability-shrinking-carbon-footprints>

⁴² International Telecommunication Union, "ICT industry to reduce greenhouse gas emissions by 45 per cent by 2030", (2020), at:

<https://www.itu.int/en/mediacentre/Pages/PR04-2020-ICT-industry-to-reduce-greenhouse-gas-emissions-by-45-percent-by-2030.aspx>

⁴³ Science Based Targets initiative, "Guidance for ICT Companies Setting Science Based Targets", at:

https://sciencebasedtargets.org/resources/legacy/2020/04/GSMA_IP_SBT-report_WEB-SINGLE.pdf

⁴⁴ Arcep, "Evaluation environnementale des équipements et infrastructures numériques en France – analyse prospective à 2030 et 2050", (2023), at:

https://www.arcep.fr/uploads/tx_gspublication/note-synthese-au-gouvernement-prospective-2030-2050_mars2023.pdf

⁴⁵ Ibid.

⁴⁶ IEA, "France 2021 Energy Policy Review", (2021), at: <https://iea.blob.core.windows.net/assets/7b3b4b9d-6db3-4dcf-a0a5-a9993d7dd1d6/France2021.pdf>

⁴⁷ European Commission, "France's recovery and resilience plan", at: https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/frances-recovery-and-resilience-plan_en#digital-transition

⁴⁸ Ibid.

Additionally, in July 2023, France allocated EUR 65 million in research to support the development of 5G and 6G technologies.⁴⁹

Sustainalytics is of the opinion that iliad's investments in network technologies are expected to improve the energy efficiency of the telecom sector and contribute to France's emissions reduction targets.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the iliad Green Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency – Networks	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Energy Efficiency – Data Centres	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Energy Efficiency – Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Circular Economy	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

⁴⁹ Institut Mines-Telecom, "France 2030 plan: launch of the "Networks of the Future" research program", (2023), at: https://www.imt.fr/wp-content/uploads/2023/07/CP_Lancement_PEPR5G_20230710_final- EN-relu.pdf

Conclusion

iliad Group has developed the iliad Group Green Financing Framework under which iliad SA and its Polish subsidiary P4 SP. Z O.O. may issue green finance instruments such as: green senior or subordinated bonds; medium-term notes; commercial papers; term loans, including export finance instruments; and Schuldscheine to finance or refinance, in whole or in part, existing and future projects that are expected to drive energy efficiency and decarbonization in the telecommunications sector in France, Italy and Poland.

The Framework outlines processes for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the iliad Group Green Financing Framework is aligned with iliad Group's sustainability strategy and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 7, 9, 11 and 12. Additionally, Sustainalytics considers that iliad Group has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that iliad Group is well positioned to issue green bonds and loans, and that the iliad Group Green Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

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